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C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 001444

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DEPT FOR SA/INS

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TAGS: [PREL](#) [PGOV](#) [PINR](#) [BT](#) [NP](#)

SUBJECT: NEPAL: STATE FOREIGN AFFAIRS MINISTER ON BHUTANESE

REFUGEES, MAOISTS, UNGA

REF: NEW DELHI 4544

Classified By: Ambassador James F. Moriarty; Reasons 1.4 (b, d).

1. (C) SUMMARY: Nepal's State Foreign Affairs Minister Mahat told the Ambassador on July 26 that negotiations with the Maoists before the Maoists were serious would be fruitless. Mahat indicated that a critical RGOB had accepted the results of Nepal's criminal investigation of the 22 December Bhutanese refugee incident, but had remained inflexible on terms of repatriation. In the meeting, Mahat indicated that Nepal will integrate some refugees. At the same time, Mahat seemed to indicate that Nepal's tone with Bhutan in the bilateral discussion might become more firm. Mahat is likely to lead Nepal's delegation to UNGA. END SUMMARY.

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MAOISTS DISMISSED REAL PEACE OVERTURES BEFORE...
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2. (C) Nepal's Minister of State for Foreign Affairs Prakash Sharan Mahat told the Ambassador on July 26 that premature negotiations with the Maoists would be a waste of time. An animated Mahat, who has worked on the Maoist problem in several capacities, stated that the Maoists must feel pressure to make real concessions. Previously, the government had been willing to offer just about anything for peace, even hugging their negotiators at the start of talks. Meanwhile, the Maoists used the desperation for peace to make tactical and strategic gains, abandoning agreements as soon as it suited their goals. Now, the Maoists controlled much of the country by fear, and that fear was driving people to pursue peace at any cost. (NOTE: Both of Mahat's homes, one in Bansbari, Kathmandu and one in Nuwakot District were destroyed by the Maoists. END NOTE.)

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GOB INFLEXIBLE ON TERMS
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3. (C) Turning to the Bhutan-Nepal bilateral at SAARC, Mahat indicated that the Royal Government of Bhutan (RGOB) had finally responded to Nepal's report of the December 22 incident in writing. Despite all of the criticisms leveled at the investigation of the event in the letter, the RGOB would ultimately accept the results of the investigation. However, the RGOB seemed unwilling to accept the paragraph in the report that urged it to be flexible in its interpretation and application of Bhutanese law. Still, Mahat indicated, at least a little progress had been made.

4. (C) The GON had been flexible every step of the way, Mahat emphasized, even to the point of agreeing to take those refugees that are unwilling to return to Bhutan. (NOTE: This is the first indication of Nepal's willingness to resettle refugees in Nepal. Thus far, the GON has been unwilling to even discuss such a move, fearing that it might result in further RGOB intransigence. END NOTE.) Mahat hoped that the Bhutanese would show some flexibility as well. Meanwhile, the pressure on the RGOB from the international community had helped move the process forward; in particular, further encouragement of the RGOB by India was needed.

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UNGA NOTE
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5. (C) Mahat confirmed he was likely to lead Nepal's delegation to UNGA, although its composition remains unclear. If it were possible, Mahat asked, he would very much like to meet with Under Secretary Grossman on the sidelines of the meeting. "It's important we keep this dialogue open at as many levels as possible," Mahat stated.

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COMMENT
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6. (C) Mahat was unclear whether the GON would remove the offending paragraph from the report, although it seems likely. Whether the GON will continue to allow the RGOB to set the pace of the bilateral process is less clear. As an

interesting example of what he termed Nepal's generosity with the GOB, Mahat pointedly emphasized that the GON has provided concessions to the RGOB - in the form of permission to Druk Air to fly a Delhi-Kathmandu-Thimpu route - despite the RGOB's intransigence in moving forward with repatriation. Although he was anything but explicit, that and his admission of a willingness to integrate refugees that do not want to return to Bhutan might indicate a new timbre to the negotiations between the two governments.

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BIO INFORMATION
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17. (U) Prakash Sharan Mahat was appointed as Minister of State for Foreign Affairs on July 5. (Prime Minister Deuba holds the Minister of Foreign Affairs portfolio.) He is also a member of the advisory group to the Federation of Nepalese Chambers of Commerce (FNCCI) and a member of the National General Committee of the Nepali Congress Party (Democratic). Previously, he served as an advisor to Prime Minister Sher Bahadur Deuba from July 2001 until October 2002 and as Member Secretary of the High Level Recommendation Commission for

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Resolution of the Maoist Problem from 1999-2000, member of the Economic Committee of the Nepali Congress Central Committee from 1998-2001, and in 1990 a Central Action Committee Member for the Restoration of Democracy.

18. (C) BIO INFORMATION CONT: Mahat was born in November 1959 in Nuwakot. He was imprisoned several times in the 70's and 80's for his pro-democracy agitation. In 1989, Mahat was awarded a Fulbright Scholarship. Because of his pro-democracy activism, the government at the time would not give him a travel document -- with the restoration of democracy in the spring of 1990, he was ultimately able to receive a passport. He holds a PhD in Economics from the University of Southern Illinois. Mahat is married with two children. His English is good.
MORIARTY